GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2460
ANSWERED ON:18.03.2005
IMPLEMENTATION OF SERVICE TAX
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Will the Minister of FINANCE be pleased to state:

(a) the time when service tax is implemented in industrial sector;

(b) whether the Union Government have received any objection/representation against such implementation;

(c) if so, the details thereof; and

(d) the remedial measures taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Service tax on industrial sector has been implemented in la,st budget effective from 10/9/04 in the form of Service tax on production or processing of goods for, or on behalf of the client, under the heading ,`business auxiliary services`.

(b) As the credit of service tax has been permitted across the board for manufacturing sector,so,there is not much resentment against it, as the service tax paid could be taken as credit for payment of Central Excise duty on the final product manufactured. However, some objections/representations have been received from manU&kcturers of exempted products like bicycles where utilization of credit of service tax is not possible resulting in cost increase of the final product.

(c) As detailed above in.(b)

(d) The issue is being examined.